CEDAR
CHEMICAL CORPORATION

5100 Poplar Ave. • Suite 2414 • Memphis, TN 38137

J. Randal Tomblin
President and CEO

March 30, 2001

Mr. Michael McGarry
General Manager
Fine Chemicals
PPG Industries, Inc.
One PPG Place, 36th Floor
Pittsburgh, PA 15272

Dear Michael:

Thank you for your proposal addressing DCPI supply for the year 2001. I believe that with certain minor modifications your proposal is workable although I maintain the opinion that PPG has not done all it should to mitigate the damage to Cedar caused by the delays in supplying DCPI.

For clarification, I understand that PPG feels that you have a solid "take or pay" contract that guarantees you $3.51MM in 2001". Cedar, on the other hand, believes that PPG has failed to perform under that contract. Nevertheless, without waiving any other rights which Cedar may possess, it has been, and remains our preference to work cooperatively with PPG to re-establish both our relationship and market position. To do so requires not only certain concessions on the part of both companies, but a spirit of sharing and recognition that final resolution of issues will, in all probability, take longer that 2001 alone.

Having said that, Cedar is prepared to accept your amendment proposal as follows with several minor modifications highlighted as indicated:

1. Count 2001 as first "Contract Year" under the contract.
2. No minimum volume take for 2001.
3. Years 2002 - 2005 minimum 20 MM lbs. (no change to current contract terms) <u>subject to further discussion in the 4th quarter of 2001</u>.

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4. Years 2006 - 2010 minimum 25 MM lbs. (no change to current contract terms).
5. In 2001 PPG would have guaranteed revenue of $3.21 MM. Of that amount, $900,000 would be for PPG's capital recovery.
4. In 2001, within the $3.21 MM referred to in item number 5, Cedar would be entitled to purchase up to 3.3 MM lbs. of DCPI at $0.70/lb.
5. In 2001, Cedar would use its best effort to purchase another 1.0 MM lbs. for $0.50/lb.
6. Any pounds not purchased up to the $3.21MM minimum compensation level would be invoiced on December 31, 2001 with net 30 day terms.
7. ~~In 2001 only, PPG would be entitled to keep 100% of any DCA conversion efficiency (contract Section 4.3.1 calls for a minimum performance of 0.95 units of DCA per pound of DCPI with any improvement in the 0.95 ratio being split equally between the parties~~).
8. PPG will share the capital cost 50/50 with Cedar of modifications required at EMV to safely handle DCPI, said share not to exceed $75,000, to be paid within 30 days after submission by Cedar/EMV with supporting documents of total cost of those modifications.
9. PPG agrees to use its best efforts to identify other isocyanates or other chemical products that can be produced economically in the DCPI facility.
10. Cedar will consult with PPG on any opportunities requiring in excess of 4.3MM pounds of DCPI and the conditions under which that additional DCPI can be sold.

If the above terms are acceptable to PPG, please prepare the necessary paperwork and forward to me for signature.

On a positive note, we have had recent meetings with Makhteshim-Agan, Nufarm and Ancom (Malaysia) on the possibility of supplying some portion of their DCPI requirements for 2001 and beyond. Although they have already made commitments through this summer, they are receptive to our supplying some product in the fall. The competitive pricing will likely be very low, and we will keep you informed of those opportunities to decide jointly whether to take the business, as well as the duration of any supply opportunities.

Meanwhile, I have instructed our accounts payable personnel to process the outstanding invoices from PPG and to short pay those invoices to adjust to the agreed tolling fee of $0.70/pound of DCPI. We only conduct check runs every two weeks so those invoices should be processed by mid-April.

I will be in my office most of next week if you would like to discuss this matter further.

Sincerely,

Randal Tomblin

Randal Tomblin

JRT:pc

cc: Ray Finocchio
John Lewandowski
Chris McGee
Bob Christian